Insider trading in Stock Exchanges

2240. SHRI DINA NATH MISHRA: Will the Minister of FINANCE be pleased to state:

(a) what steps Government have initiated to curb insider-trading in Stock Exchanges; and

(b) whether Government propose to give more teenth/powers to market regulator, SEBI in tune with the expanded mandate of the regular for safeguarding genuine investors' interests particularly small investors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) The Securities And Exchange Board of India (SEBI) regulates insider trading through SEBI (Prohibition Of Insider Trading) Regulations, 1992. Recent measures taken to curb insider trading practices are:

1. The SEBI Amendment Act, 2002 included specific provision prohibiting insider trading and substantially increasing the penalty which can be imposed for insider traditing to Rs. 25 crore or three times the amount of profits made, whichever is higher.

2. In order to create preventive mechanism for prevention of insider trading, the SEBI (Insider Trading) Amendment Regulations, 2002 provided for a model code of conduct to be followed by companies and SEBI registered intermediaries, and a code of corporate disclosure practices to be followed by listed companies.

3. For detection of insider trading, surveillance mechanisms have been put in place by SEBI and stock exchanges. SEBI has further enhanced its surveillance through a regular system of weekly surveillance meetings with major stock exchanges and depositories to provide a platform for exchange of views on areas of emerging concerns and to consider pre-emptive actions and discuss general surveillance issues.

(b) The SEBI Act, 1992 has been amended in December 2002 including, *inter-alia*, many provisions seeking to further empower the regulator to protect the interests of investors.